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Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
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INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
USMISSION USNATO
USINT HAVANA
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY TOKYO
USLO PEKING
AMCONSUL HONG KONG
AMCONSUL LENINGRAD

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E.O. 11652: N/A
TAGS: ECON, EIND, UR
SUBJ: SOVIET 11-MONTH OUTPUT FIGURES GIVE CLUES TO 1978 GROWTH CUTBACKS

1. THE SOVIET UNION'S ELEV MONTH INDUSTRIAL OUTPUT STATISTICS--
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OVERSHADOWED ON PUBLICATION BY THE ANNOUNCEMENT OF THE 1978 ECONOMIC PLAN AND BUDGET--PROVIDE A NUMBER OF CLUES TO THE REASONS BEHIND THE CUT-BACK IN OUTPUT GROWTH GOALS FOR 1978.

2. OF THE 29 MINISTERIAL ORGANIZATIONS LISTED, FERROUS METALLURGY DID NOT PLAN, 12 EXCEEDED PLAN BY LESS THAN ONE PERCENT, AND SEVEN OTHERS BY ONLY ONE PERCENT. AMONG THE TWELVE WERE

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SUCH SECTORS AS ELECTRIC POWER, CHEMICALS, ELECTRICAL ENGINEERING, LIGHT INDUSTRY, CONSTRUCTION MATERIALS, AND MACHINE-BUILDING FOR HEAVY INDUSTRY, TRANSPORTATION, CHEMICALS AND PETROLEUM, AND THE LIGHT AND FOOD INDUSTRIES.

3. ELSEWHERE PRODUCTION OF SUPHURIC ACID AND PHOSPHORUS WERE BELOW PLAN AND RESULTED IN SHORTFALLS IN OUTPUT OF PHOSPHATE FERTILIZERS (THE TYPE NEEDED IN EUROPEAN RUSSIA), CAUSTIC SODA, PLASTICS AND CHEMICAL FIBERS. EK.GAZ (NO.51) COMMENTED THAT THE CHEMICAL INDUSTRY (WHICH SHOULD BE ONE OF THE LEADING SECTORS) MUST TAKE URGENT MEASURES TO BRING NEW CAPACITY ON LINE MORE RAPIDLY AND TO ELIMINATE THE COMPLICATIONS AFFECTING ITS BRANCHES.

4. THE BRIGHT SPOTS WERE RELATIVELY FEW. TOTAL INDUSTRIAL OUTPUT ROSE 5.7 PERCENT ABOVE THE COMPARABLE PERIOD OF 1977 (ONE-TENTH OF A PERCENT ABOVE PLAN BUT THE SAME AMOUNT BELOW LAST MONTH'S RATE) BUT LABOR PRODUCTIVELY ROSE ONLY 4.2 PERCENT, SOME SIX-TENTHS OF A PERCENT BELOW THE ANNUAL GOAL. THE ENERGY SECTOR PERFORMED WELL, EXCEPT FOR ELECTRIC POWER, WHICH DIMMED TO A 3 PERCENT INCREASE. AT 45.4 MMT OIL WAS ONLY ONE PERCENT ABOVE PLAN, BUT IT WAS 5 PERCENT ABOVE 1976; GAS MAINTAINED ITS 8 PERCENT GROWTH RATE; AND COAL CONTINUED TO RUN 2 PERCENT ABOVE 1976. IN THE FOOD INDUSTRY IN NOVEMBER OUTPUT OF SAUSAGE, BUTTER, MILK, AND VEGETABLE OIL-BUT NOT MEAT- EXCEEDED 1975 LEVELS. FOR
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THE ELEVEN MONTHS, SAUSAGE EQUALS AND THE OTHERS EXCEEDED 1976 LEVELESM ONLY BUTTER AND MILK EXCEED 1975 LEVELS; THE REST ARE 4 TO 12 PERCENT UNDER. (FOR DETAILS, SEE MOSCOW 18145).

5. COMMENT: EARLIER SHORTFALLS IN STEEL SECTOR APPEAR TO BE TAKING THEIR EFFECT ON THE MACHINE-BUILDING INDUSTRIES. THAT WILL OBVIOUSLY AFFECT THE FINAL PRODUCTION INDUSTRIES LATER ON, AND THIS MAY WELL BE ONE OF THE REASONS FOR THE CUTBACK IN 1978 OUTPUT GROWTH GOALS (SEE REFTEL AND PREVIOUS). AT 660 MMT, COAL APPEARS MOST UNLIKELY TO MAKE ITS 733 MMT GOAL FOR 1977, AND THE 1978 GOAL OF 746 MMT LOOKS AMBITIOUS AS WELL. THE GROWTH OF ELECTRIC POWER OUTPUT HAS FALLEN TO BELOW 4 PERCENT, AND ITS HISTORICAL RELATIONSHIP WITH INDUSTRIAL OUTPUT SUGGESTS THAT ELECTRICITY - AS WELL AS METALS-MAY BE SOMETHING OF A RESTRAINT ON INDUSTRIAL OUTPUT GROWTH IN 1978.MATLOCK

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 31-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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